



# Connected Consumer Survey 2020: digital services in the Middle East



Inigo Barker

## About this report

This report focuses on aspects of Analysys Mason's *Connected Consumer Survey* that relate to the behaviour, preferences and plans of smartphone users in the Middle East (ME). In particular, it focuses on respondents' usage of digital services.

The survey was conducted in association with On Device Research (ODR) between August and September 2020. The survey groups were chosen to be representative of the mobile-internet-using population in the Middle East. We set quotas on age, gender and geographical spread to that effect. There were a minimum of 750 respondents per country.

### KEY QUESTIONS ANSWERED IN THIS REPORT

- What are the main payment mechanisms and devices for e-commerce in the Middle East and how often do consumers engage in e-commerce?
- What are the most popular mobile wallet services in the Middle East?
- What are the main payment mechanisms for physical purchases in the Middle East and how often do consumers engage in physical commerce?
- Which organisations are consumers in the Middle East most willing to trust with their personal data?

### GEOGRAPHICAL COVERAGE

#### Middle East (ME):

- Kuwait
- Oman
- Saudi Arabia
- UAE

### WHO SHOULD READ THIS REPORT

- Operator-based strategy executives and marketing managers who are interested in understanding consumer market trends and the changing role of operators as digital service providers.
- Market intelligence and research executives in service providers that are responsible for understanding end-user trends and supporting business units in identifying and addressing new opportunities in e-commerce, payments and identity management.
- Equipment/device manufacturers and software providers that want to identify end-user trends in service and device usage and help their operator customers to better address market opportunities in services related to e-commerce and payments.

# E-commerce: e-commerce penetration grew strongly in 2020, especially in Kuwait and the UAE

## E-commerce penetration grew between 2019 and 2020.

75% of our panel shop online and 47% do so at least once per month. E-commerce penetration grew in all countries between 2019 and 2020, especially in Kuwait (+9 percentage points (pp)) and the UAE (+8pp), which reflects the high adoption of digital payments and the effect of COVID-19-related lockdowns. The proportion that shop online at least once per month grew by 9pp.

The UAE remains the most mature e-commerce market in ME; its e-commerce penetration is comparable to that in Europe and the USA. This reflects its high internet penetration, high levels of investment in digital payment platforms among stakeholders,<sup>1</sup> strong regulatory support and competitive market dynamics.<sup>2</sup>

Operators can help to drive further growth in e-commerce penetration by raising awareness of established payment options such as direct carrier billing. Mobile money players can focus on partnering with e-commerce platforms to embed their mobile wallets. There may also be an opportunity to assist logistics players (for example, by providing asset-tracking solutions) to improve order fulfilment and drive greater e-commerce usage and adoption of mobile wallet platforms. Operators could also partner with e-commerce platforms, benefit from market growth and better serve their customers' e-commerce needs. For example, Zain Kuwait entered into an exclusive partnership with online retailer Brandatt.com in October 2020 to enable its mobile customers to access exclusive Brandatt.com offers.

<sup>1</sup> For example, the Dubai government operates DUBAIPAY, a platform for the payment of government and public services. Mashreq Bank partnered with AliPay to enable merchant support for the platform to target Chinese tourists. <sup>2</sup> The Department for Economic Development issued 196 licences to e-commerce companies in May 2020 alone. <sup>3</sup> Please refer to the methodology and panel information section for the sample size and relevant survey questions.

Figure 2: Percentage of respondents that make online purchases, ME, 2020<sup>3</sup>

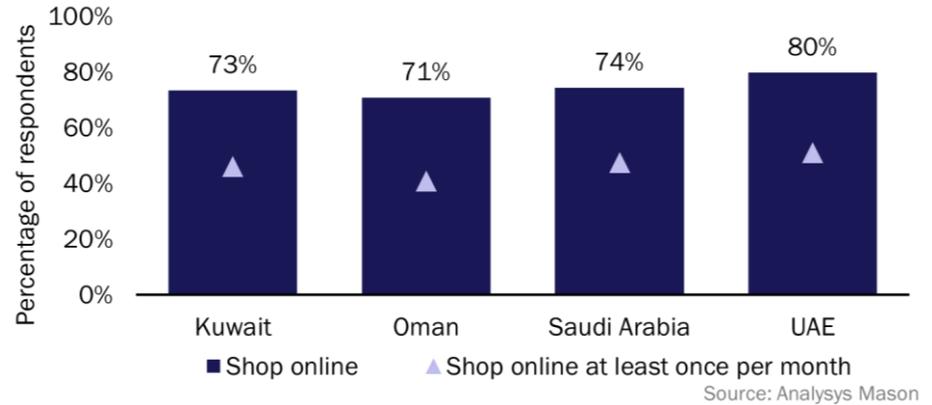
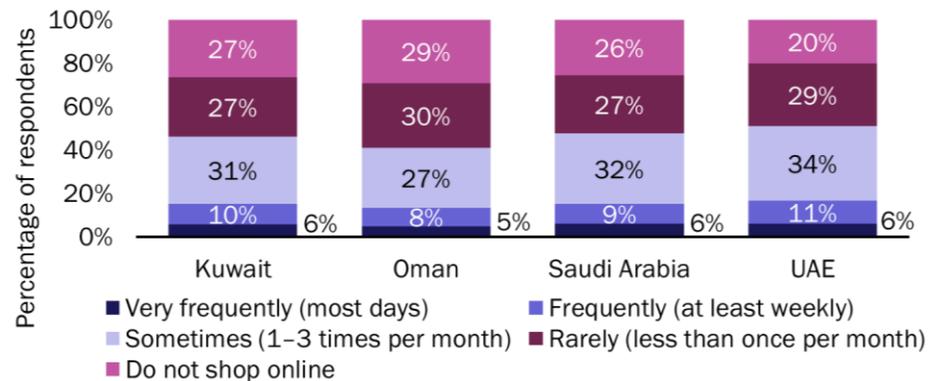


Figure 3: Frequency of online purchases, ME, 2020<sup>3</sup>



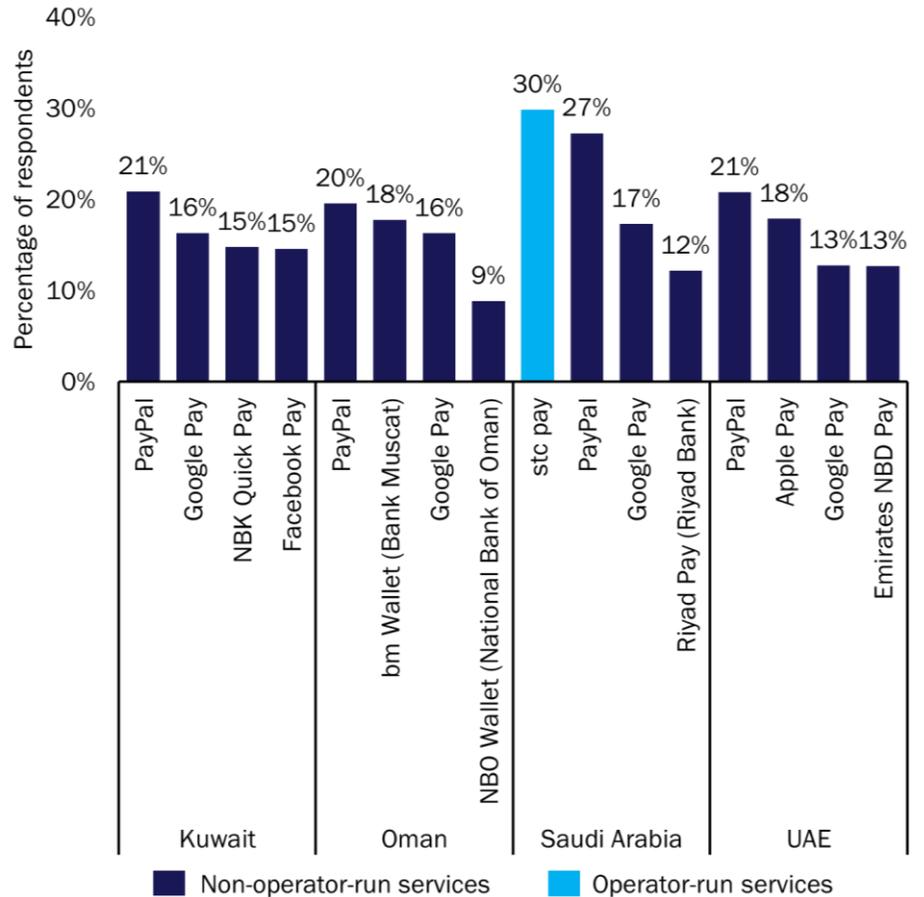
## Mobile payments: mobile money markets are buoyant; a mix of local and international players are competing for market share

**stc pay is the only operator-run mobile wallet service that has a dominant position in the mobile money market in ME.**

Operators have historically been excluded from playing a leading role in mobile money markets in the Middle East, largely due to unfavourable regulatory conditions. By contrast, PayPal has a strong presence in all countries thanks to its partnerships with local players and its strong international brand. Apple Pay and Google Pay are also key contenders in various countries, supported by the large installed bases of iOS and Android devices and strong consumer trust levels for these companies (see slide 12). Banks such as the National Bank of Kuwait and the National Bank of Oman run simple money transfer services and can draw on their high trust scores (see slide 12) to retain customers.

Mobile wallet penetration has increased since 2019 and many mobile money providers have benefitted from the effects of the COVID-19 pandemic. However, most markets remain competitive with no clear market leaders. The penetration of stc pay in Saudi Arabia grew by 8pp between 2019 and 2020, which reflects its broad use cases and its simplicity as a payments solution, which appeals to tech-savvy consumers (see slide 8). Other operator mobile money services performed less well (such as Etisalat Wallet in the UAE), which demonstrates the high level of market competition. However, operators still have an opportunity to offer a differentiated mobile money service that addresses consumers' pain points with traditional banks and is secure and easy-to-use.

**Figure 6: Penetration of the four most-popular mobile money services in each country, ME, 2020<sup>1</sup>**



Source: Analysys Mason

<sup>1</sup> Please refer to the methodology and panel information section for the sample size and relevant survey questions. Apple Pay in Saudi Arabia was not included in our 2020 survey, but we expect that its penetration is similar to that of stc pay. Both stc pay and Apple Pay had a penetration of 22% in Saudi Arabia in 2019.



# Contents



Executive summary

Results and analysis

Methodology and panel information

**About the author and Analysys Mason**

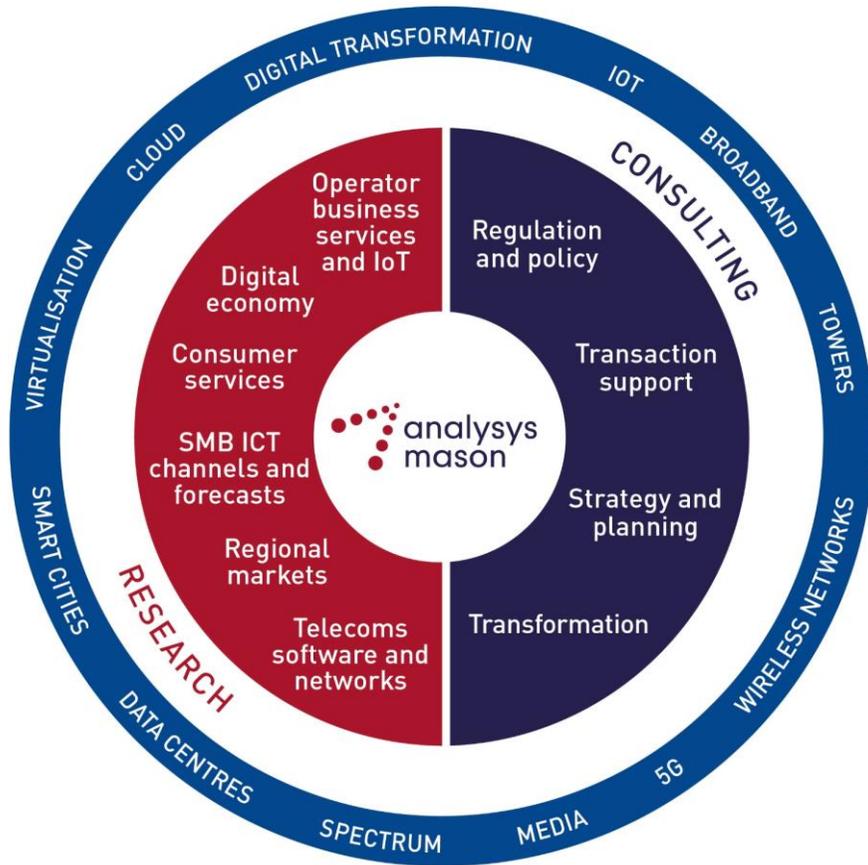
## About the author



**Inigo Barker** (Analyst) is a member of the *Consumer Services* research team in London, contributing primarily to the *Digital Services* research programme. His main interests are in adtech, mobile financial services and digital healthcare. He has also contributed to various other programmes in the *Consumer Services* portfolio and he manages the multi-play and mobile handset pricing trackers. He has a BA in Classics from the University of Cambridge.

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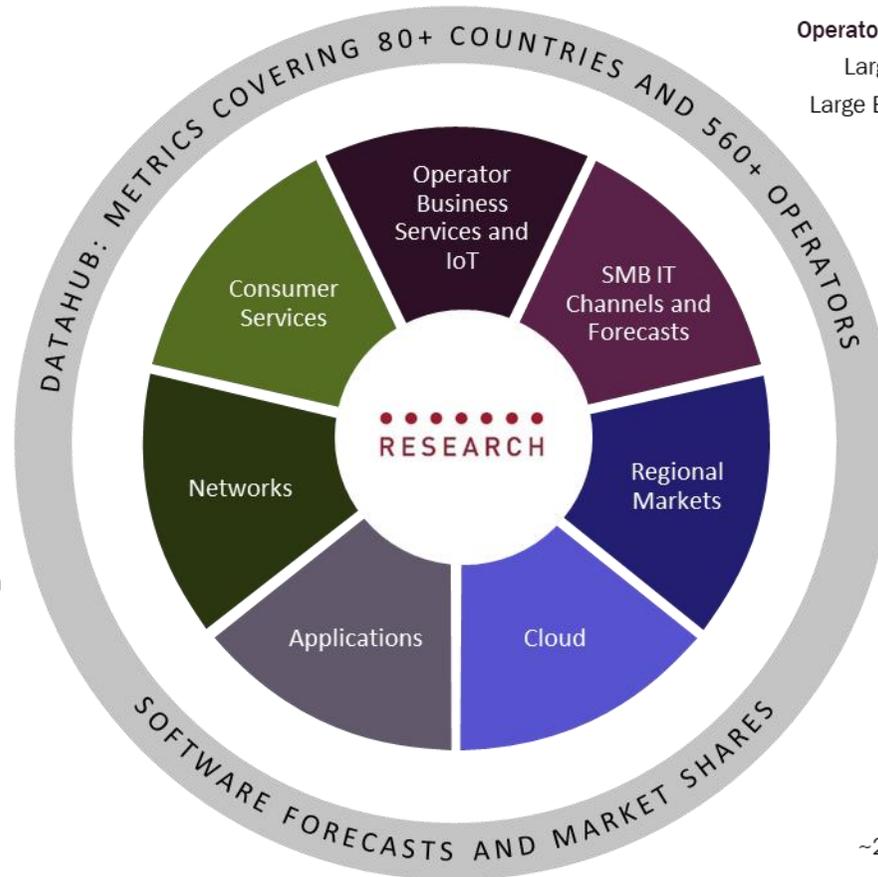
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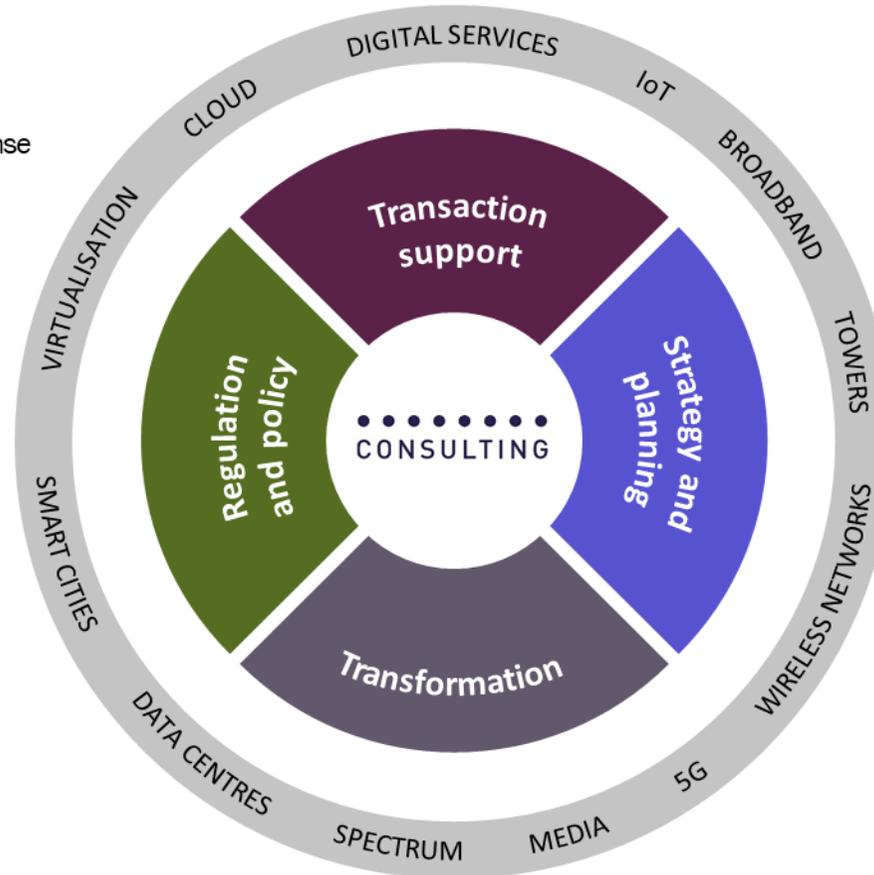
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- Ex-ante market reviews, remedies, costing...
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- Ex-post / abuse of dominance
- Postal sector



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- Implementation
- Delivery



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